

Welcome Address by the Minister of Water Affairs and Forestry , Ms Buyelwa Sonjica, MP on behalf of the Minister of Public Works, Ms Stella Sigcau, MP, at the First Conference of the Forum of the SADC Ministers of Public Works at Sun City, South Africa

24 April 2006

Programme Director
Ministers present here today
MECs present here today

Representatives of the SADC Secretariat
Senior Government Officials
Distinguished Guests
Ladies and Gentlemen

Introduction

I am honoured to welcome to this historic occasion, my colleagues from the SADC who have contributed to making this event a reality. I am especially pleased that out of the fourteen member states, two thirds are represented at this forum. I am also very glad that we have among us Members of the Executive Council and senior government officials who are an integral part of the global pool of brainpower without which this initiative would never have been born.

To you all, on behalf of the South African government and its people, I am privileged to extend a very warm welcome to this forum organized officially to look at how we create an enabling environment for the development and growth of the SADC construction industry. This is a very exciting time for the construction sector. It is exciting because, after such a long time the sector is showing concrete prospects for prosperity. The industry is doing much better now than in the

past. We are experiencing and expecting a boom in this sector within the next five years in South Africa. We estimate that in South Africa the construction industry contributes at least US\$7 billion per annum. In this regard our government is increasing spend on infrastructure going forward in order to meet the challenges of the 2010 Soccer World Cup but also to address backlogs in rail, electricity and housing among others.

We said in the report on the status of the industry last year that increased investment in infrastructure posed a few challenges to the construction sector. The construction industry remains the third largest employer in South Africa. It provides work to over 500 000 people. It will therefore potentially need to double its output over the next 10 years to meet investment demand. The conditions are therefore right. The market forces are on our side.

The onus is now on us to rise to the challenge and meet the delivery requirements. South Africa cannot achieve this alone. Our success largely depends on the partnerships we are able to forge, especially within the SADC community. We, as a sector, can not fail the Southern African economy. We must make sure that the benefits of these opportunities trickle down and are enjoyed by the wider society and Southern African Development Community (SADC) as a whole.

I must caution, however, that it would be premature of us to start celebrating these opportunities now before we have made sure that we have created an enabling environment and laid a solid framework that would see these opportunities translated into real and concrete outcomes.

Challenges facing the construction sector

There are a number of challenges facing the regional construction sector. These, if not dealt with properly and with urgency, will forever impede the development of the regional construction sector and reconstruction in the SADC.

Skills shortage

It has become very apparent that the region does not have the sufficient skills base to meet the demands of infrastructure delivery. This of course varies from country to country. In some cases the shortage of skills relates to numbers and in other cases it relates to the shortage of capacity. This is a challenge that was foreseen as far back as 2000. However, as a sector we did not pull our socks high enough to strategize on how we would deal with this challenge and start planning for the future. It has become clear to us that the accelerated delivery of infrastructure is driven by increasing levels of investment but is impeded by our own inadequate delivery systems and capacity.

Economic infrastructure drives a country's industrial, commercial and technological base and will contribute to issues such as improved competitiveness and the overall well-being of the population. South Africa alone does not have sufficient capacity to deliver on all the projects that are being planned and implemented currently. Quite often there is a tendency to look overseas for this capacity without looking at our neighbours across the borders. In as much as there is a lot to benefit by importing skills from Asia, Europe, and Americas, this must not be done to the detriment of our region. Charity begins at home! Hence the theme for this conference is "Towards a common development agenda".

There are severe consequences resulting from the eroded skills base. For example, the cost of construction has increased exponentially during the past few years. It is likely to continue doing so unless a deliberate effort is made to enhance the sector's skills base. Already we see the construction cost spiraling and surpassing inflation rates. It requires both government and the private sector to combine forces in tackling this pandemic. This is a situation we can not allow to continue. We must make sure that our skills base – from professionals to contractors to artisans – is enhanced.

It goes without saying that any partnerships forged through this initiative must pay a particular focus on skills development. We, as a region, can benefit tremendously from the European community.

Developmental Agenda

Given the context of our regional and continental construction sector, it goes without saying that we need to develop a shared vision for the sector. We need to ensure that whatever initiatives we get involved in promote the development of the regional construction sector. If we forgot this, we would be shooting ourselves in the foot. I want to urge you all that as we deliberate and forge partnerships in these next few days, we must keep in mind that any initiative and partnership has to contribute to the developmental agenda of the regional construction sector. The developmental agenda encompasses a number of aspects. These include skills development, skills transfer; empowerment of local communities, local contractors and local professionals; contribution to local economic development and the development and growth of the sector.

Regulatory and Policy Framework

Some of the challenges facing our regional sector include the absence of a regulatory framework and where this exists it is often fragmented and onerous and is not able to provide a guiding environment for what happens in the sector. Each SADC member state has its own regulatory framework which in some cases frustrates service delivery or is ignored by development agencies which provide financial and developmental assistance in that particular country. Instead of discarding what exists, we need to assist in developing the framework to ensure that it works for the sector and for the country.

I understand and acknowledge that most of our member states are in need of developmental aid especially in the context of a shortage of financial resources and the urgent need to deliver on infrastructure. I, however, want to emphasize that such development aid must be structured and received in a manner that does not just look at the product or service delivered. It must take into consideration development, economical and social needs of the recipient country.

Procurement Reform

There is an urgent need for the SADC construction sector to put in place mechanisms that will encourage procurement reform. This would include the standardization and streamlining of processes – whilst respecting each country's legislative framework. This will allow the regional construction sector to lay a foundation for uniformity of standards and processes. It will also remove the complexities attached to procurement processes.

We must make sure that our local communities, our people and our economies benefit from any partnership, investment, and any other initiative designed to contribute to reconstruction in the African continent and the development of the African construction sector.

As SADC ministries involved in the construction sector, we must also ensure that we make a deliberate effort to create an enabling environment that encourages partnerships to be forged. For instance, we must develop a shared vision that will portray a uniform approach to the development of our sector. We also need to engage with Ministers in other relevant sectors to ensure that their policies and legislative frameworks do not in any way impede the development of our sector. For example, we must engage with our Finance Ministers to talk about the issue of tax, with the Trade and Industry Ministers to discuss issues related to trade and investment, with Labour to deal with issues relating to skills development and labour practices. If we do not synergize our strategies, we will find ourselves faced with the challenges of trying to develop the economy while at the same time having our hands tied due to lack of an enabling environment.

The Forum

The Forum that I am proposing we establish during this conference has as its main purpose the establishment of a platform where we could develop a common approach to the construction industry's development, transformation and growth. By your attendance at this conference, you have already demonstrated your commitment and support towards achieving our objectives both of establishing the Forum and of development the regional sector.

Tomorrow we will deal in detail with the Forum including the terms of reference of the Forum, the support of the Forum as well as the funding of the Forum. We must be cautious that we don't create a structure that will be a talk shop with no concrete outcomes. We must also realize that there are current structures such as the SADC Secretariat, the NEPAD Secretariat and SARCIC. We therefore need to make sure that there is proper integration and synergies between the different structures while emphasizing the construction agenda.

Conclusion

In conclusion, I want to encourage all of us to forge forward with this initiative and to support the SADC construction sector as it endeavours to regroup and develop itself. However, I must stress that we are making a collective effort as the SADC government in order to ensure that the developmental agenda, empowerment agenda, skills development agenda and transformation agendas are not undermined.

I wish you a wonderful stay in South Africa.

I thank you.